

SENATE BILL No. 242

DIGEST OF INTRODUCED BILL

Citations Affected: IC 28-7-1-17.2.

Synopsis: Loans to credit union officers. For purposes of the statute authorizing a state chartered credit union to make a loan to an officer of the credit union, provides that the total of all outstanding loans to the officer, the officer's immediate family, or the officer's related interests may in no event exceed \$250,000. (Current law provides that the total of all such outstanding loans may not exceed \$100,000.)

Effective: Upon passage.

Walker

January 7, 2016, read first time and referred to Committee on Insurance & Financial Institutions.



Second Regular Session 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

SENATE BILL No. 242

A BILL FOR AN ACT to amend the Indiana Code concerning financial institutions.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 28-7-1-17.2, AS ADDED BY P.L.90-2008,
2 SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 17.2. (a) A credit union may make a loan to
4 the credit union's individual officers under the following terms and
5 conditions:
6 (1) The loan must comply with all requirements under this chapter
7 that apply to loans made to other borrowers.
8 (2) The loan may not be on terms more favorable than those
9 extended to other borrowers unless the loan is made in connection
10 with a benefit or compensation plan that:
11 (A) is widely available to employees of the credit union; and
12 (B) does not give preference to any officers of the credit union
13 over other employees of the credit union.
14 (3) The loan must be promptly reported to the credit union's board
15 of directors.
16 (4) A loan to the officer, the officer's immediate family, or the
17 officer's related interests, either by itself or when added to the



amounts of all other loans made under this section to the officer, the officer's immediate family, or the officer's related interests, for any purpose, may not exceed, at any given time, the greater of:

(A) two and one-half percent (2.5%) of the credit union's capital and unimpaired surplus; or

(B) twenty-five thousand dollars (\$25,000); but in no event more than ~~one two~~ **fifty** thousand dollars ~~(\$100,000)~~. **(\$250,000)**.

(b) The limits set forth in subsection (a)(4) do not apply to any of the following:

(1) An extension of credit made under a line of credit approved under this section if the extension of credit is made not later than fourteen (14) months after the line of credit was approved.

(2) A loan, in any amount, to finance the education of an officer's child.

(3) A loan, in any amount, to finance or refinance the purchase, construction, maintenance, or improvement of a residence of an officer, if:

(A) the loan is secured by a first lien on the residence and the residence is owned, or will be owned after the loan is made, by the officer; and

(B) in the case of a refinancing, the loan includes only the amount used to repay the original loan, plus any closing costs and any additional amount used for any purpose described in this subdivision.

(4) A loan, in any amount, secured by a perfected security interest in bonds, notes, certificates of indebtedness, or treasury bills of the United States or in other obligations fully guaranteed as to principal and interest by the United States.

(5) A loan, in any amount, secured by a perfected security interest in a segregated deposit account in the lending credit union.

(c) A credit union may not make a loan under this section to an officer, the officer's immediate family, or the officer's related interests if the amount of the loan, either by itself or when added to the amounts of all other loans made under this section to the officer, the officer's immediate family, or the officer's related interests, exceeds the lending limits set forth in IC 28-7-1-39.

(d) The department may apply the provisions of 12 CFR 215 (Regulation O) in applying and administering this section.

SECTION 2. An emergency is declared for this act.

